

BURLINGTON STEEL COMPANY, LIMITED

ANNUAL REPORT OF THE BOARD OF DIRECTORS

TO THE SHAREHOLDERS:

The Directors present herewith a statement of the affairs and financial position of the Company for the fiscal year ended December 31, 1942.

Your rolling mill operated at full capacity throughout the year, but operations were curtailed in some secondary departments producing materials considered non-essential to the war effort. While tonnage volume of sales showed no increase over the previous year, the dollar value was the highest in the Company's history.

Profit from operations amounted to \$469,860, as against \$323,643 in the previous year.

After provision of \$275,913 for Dominion Taxes on profits (as compared with \$133,000 for 1941), net profits amounted to \$159,749, equal to \$1.14 per share, as against \$1.08 earned in 1941.

This does not include the refundable portion of Taxes amounting to \$22,359, or 16 cents per share, accruing from the year's operations.

Dividends totalling \$84,000, at the regular rate of 60 cents per share, were paid from the year's earnings. Net current assets were increased by \$97,470, and now amount to \$1,133,488.

The Company's investments consist of \$475,000 Bonds of the Dominion of Canada, and \$75,000 Bonds of The Hydro-Electric Power Commission of Ontario.

Your plant and equipment have been maintained at a high point of efficiency, and \$41,735 was expended during the year on Capital account. Inventories have been carried into the new year on the usual conservative basis.

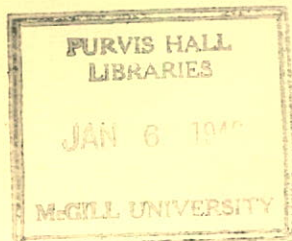
Capacity operation of your rolling mill has continued into the new year, but it is impossible to forecast what effect our supply of raw materials, and existing Government restrictions on the construction, mining, bedding, and kindred industries, may have upon our operations throughout the balance of the year.

The Directors of your Company wish to express appreciation to the staff for their loyal services during the past year.

Respectfully submitted on behalf of the Directors.

H. J. STAMBAUGH,
President.

Hamilton, March 6, 1943.



BURLINGTON STEEL

BALANCE SHEET, 1942

ASSETS		
Current Assets:		
Cash on hand and in bank	\$	213,791.01
Investments in marketable securities		547,191.32
(Market value \$554,315.12)		
Life insurance policies (cash surrender value)		43,711.50
Accounts receivable	\$	279,033.02
Less—Reserve for doubtful accounts	10,000.00	
		269,033.02
Stocks of raw materials and supplies, finished product and scrap, as determined and certified to by responsible officials of the company and valued on the usual basis which is not in excess of market or cost		547,785.41
		<u>\$1,621,512.26</u>
Refundable portion of taxes		22,359.57
Capital Assets:		
On basis of appraised values reported by Canadian Appraisal Company, Limited in March, 1928, with subsequent additions at cost—		
Land	\$	69,755.00
Buildings	\$	389,919.11
Equipment		986,521.55
		<u>\$1,376,440.66</u>
Less—Provision for depreciation	936,934.06	
		<u>439,506.60</u>
		<u>509,261.60</u>
		<u><u>\$2,153,133.43</u></u>

AUDITORS' REPORT

We have examined the balance sheet of Burlington Steel Company, Limited as of December 31, 1942, examined or tested accounting records of the company and other supporting evidence and our examination

We report that, in our opinion, based upon such examination, the above balance sheet and statement of the state of the company's affairs as at December 31, 1942, and the result of its operations for the year ended December 31, 1942, are correct and the auditors have been complied with.

Toronto, March 2, 1943.

COMPANY, LIMITED

DECEMBER 31, 1942

LIABILITIES

Current Liabilities:

Accounts payable and accrued liabilities.....	\$ 325,619.74	
Taxes payable and accrued.....	\$ 282,299.53	
Less—Instalments paid.....	140,896.00	141,403.53
Dividend payable January 2, 1943.....	21,000.00	\$ 488,023.27
Reserve for Contingencies.....		10,000.00

Capital and Surplus:

Capital Stock—

Authorized—200,000 shares without nominal or par value

Issued and outstanding—140,000 shares..... \$ 940,000.00

Distributable surplus..... 116,520.54
(No change during the year).

Deferred surplus—

Refundable portion of taxes..... 22,359.57

Profit and loss—

As per statement attached..... 576,230.05
1,655,110.16

APPROVED ON BEHALF OF THE BOARD:

FRANK P. WOOD, Director.

H. J. STAMBAUGH, Director.

\$2,153,133.43

TO THE SHAREHOLDERS

1942 and the related statement of profit and loss for the year then ended. In connection therewith we have included extensive tests of the detailed transactions.

The related statement of profit and loss are properly drawn up so as to exhibit a true and correct view of the year ending on that date and are as shown by the books of the company. All our requirements as

PRICE, WATERHOUSE & CO.,
Chartered Accountants.

BURLINGTON STEEL COMPANY, LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDING DECEMBER 31, 1942

PARTICULARS	AMOUNT
Profit from operations for the year ending December 31, 1942 before providing for depreciation and taxes on income....	\$469,860.55
Income from investments	\$ 8,282.76
Deduct — Life insurance premiums less in- crease in cash surrender value.....	480.75
	<u>7,802.01</u>
	\$477,662.56
Deduct—	
Provision for depreciation.....	\$ 42,000.00
Provision for Dominion taxes on income (in- cluding refundable portion \$22,359.57)....	275,913.12
	<u>317,913.12</u>
Net profit for the year.....	\$159,749.44
Add—	
Balance brought forward January 1, 1942.....	\$479,024.09
Add—Adjustment of prior year taxes on income.....	21,456.52
	<u>500,480.61</u>
	\$660,230.05
Less—Dividends.....	84,000.00
Balance carried to balance sheet.....	<u>\$576,230.05</u>